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## ARIZONA CORPORATION COMMISSION

November 25, 2003

Mr. Robert W. Geake  
Vice President and General Counsel  
Arizona Water Company  
3805 Black Canyon Highway  
Phoenix, Arizona 85015-5351

Re: Docket No. W-01445A-00-0962 (Phase 2 – Arsenic Cost Recovery)

Dear Mr. Geake:

On November 21, 2003, I attended the Water Utilities Association's annual conference in Tempe. During the presentation on arsenic treatment and financing, I learned that AWC's Rimrock system was awarded a full-scale demonstration project by EPA for arsenic treatment. Is this information correct?

If so, in light of this new development, I have some questions concerning the effect on ratepayers in Rimrock.

- Will AWC be responsible for any capital or operational and maintenance expenses (i.e., media replacement or regeneration costs; waste media or regeneration disposal costs) associated with the demonstration project?
- What is the cost that AWC anticipates will be passed through the recently approved Arsenic Cost Recovery Mechanism?
- Will AWC be able to acquire the arsenic treatment facility at a significant cost savings at the conclusion of the demonstration project?

I look forward to your response on this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeff Hatch-Miller".

Jeff Hatch-Miller  
Commissioner

CC: Chairman Marc Spitzer  
Commissioner Bill Mundell  
Commissioner Mike Gleason  
Commissioner Kristin Mayes  
Docket Control